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DIRECTORATE OF INTELLIGENCE

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China's Overseas Student Policy: Fighting the Brain Drain

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Summary

Concerned that too few of China's 40,000 students overseas are returning home, Beijing is weighing the impact and considering what to do. The government is more strictly enforcing regulations on who can study abroad and more severely penalizing the relatives of those who remain overseas. We believe, however, that the leadership is not prepared to make major policy changes unless interim measures fail and antigovernment political activity and criticism from overseas students increases substantially.

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Beijing's corrective measures and efforts to diversify its sources of overseas training could result in a modest reduction in the number of Chinese students in the United States. We believe the number of students overstaying will increase in the years ahead as many students approach graduation. By the early 1990s up to 3,500 Chinese students could be attempting to stay legally in this country each year--a number Chinese

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[redacted]

officials would be sure to strongly complain about to their US counterparts. But the majority are likely to return to China, and because of the continuing lure of US technology and educational funding, Beijing is unlikely to restrict the number of students coming to this country. [redacted]

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Tightening Control

Over the past school year Beijing has taken an increasingly hard line with overseas Chinese students to encourage them to return after completing their studies. For example, several Chinese universities and institutes fired personnel who had ignored orders to return to China, and a court ordered another student's wife and parents to pay his employer \$5,400 plus the cost of his studies if he did not return. In addition, stringent restrictions were recently adopted on student financing. Now, privately funded students must find a financial sponsor in China and post at least 10,000 yuan (\$2,700) before going abroad (see inset). [redacted]

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Beijing is also adjusting travel procedures. New student passports will be valid for only the permitted period of study, and may be renewed only in China by the bearer, [redacted] A new policy permits overseas students in the United States to appeal to the Chinese Embassy in this country for passport extensions. The embassy can approve, on a case-by-case basis, additional time abroad for scholars unable to complete their studies within the allotted period. This measure may be an attempt to bring students not funded by Beijing under closer supervision after they apply for passport extensions. It appears that the passports of students who do not return or who do not obtain extensions will be withdrawn. [redacted]

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In most cases, Beijing appears to be merely enforcing directives issued in 1982 and 1987, rather than formulating a new student policy. These directives--which are centered around the belief that students who leave China at an older age and spend shorter periods abroad are more inclined to return home--include:

- Requiring master and PhD candidates to complete their studies in two and five years, respectively.
- Requiring undergraduates to acquire five years--graduates two years--of practical work experience in China before study abroad.
- Reducing the number of students sent abroad for formal degrees in favor of shorter stays as visiting scholars.
- Ensuring students' training is relevant to China's development needs by sending more of them abroad to study applied sciences, management, law, and engineering.

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- Permitting only the spouses and children of a student who will be abroad for more than three years to accompany the student.
- Requiring students to sign contracts with their work units agreeing to return to China by a stipulated date. [REDACTED]

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Indeed, it appears that China's top leadership has yet to reach a consensus on how to deal with the overseas student issue. Some leaders [REDACTED] believe that even those who do not return will eventually contribute to China's modernization in some way [REDACTED]. Their attitude is reflected by others who, although aware that a basic obstacle to China's development is a lack of trained S&T personnel, believe that with few adequately equipped and funded research institutes, forcing all overseas students home would be more of a waste than losing them to another country. They contend that any loss of talent should be weighed against the infusion of technology and technical skills into China by those who do return, and suggest the country could still benefit by encouraging nonreturnees to visit regularly to work or teach for short periods. [REDACTED]

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Redirecting Students Away From the United States

The Chinese Embassy in the United States, however, recently assessed the overseas student program as a political and economic loss to the country [REDACTED]. Li and other conservatives also emphasize the negative ideological effects of study in the West and call for further expansion of educational ties to the Soviet Bloc. If the nonreturn rate for government sponsored students grows significantly, which we consider unlikely, conservatives may increasingly challenge the more lenient viewpoint and press for tougher restrictions. [REDACTED]

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Some provincial authorities and university officials are carrying the spirit of the central directives one step further, [REDACTED] discouraging students from studying in the United States, denying permission to go abroad, or refusing to issue transcripts. These measures may reflect the experiences of some areas of China--particularly the South with its strong links to the overseas Chinese--with inordinately low return rates. According to US Embassy reporting, students from South China often receive financial and emotional support from their overseas relatives to help ease into American culture; they are later under considerable pressure to obtain resident visa status and aid family members in immigrating. [REDACTED]

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China's Students in the United States

China's 40,000 overseas students fall into three categories: state sponsored students and visiting scholars over whom Beijing exercises direct control; unit sponsored students sent by schools, enterprises, and localities according to state plans; and privately funded students not under State Education Commission (SEDC) control. [REDACTED]

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State sponsorship does not necessarily entail government funding, many of these students receive scholarships or grants from the host government or university. Officially funded scholars receive tuition and a stipend--usually inadequate for life in the United States. Unit sponsored students generally continue to receive their regular salary, which is paid to the student's family or held in escrow in China. Overseas relatives, scholarships, and part-time jobs support private students during their studies. [REDACTED]

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According to SEDC estimates, since 1978 China has sent more than 50,000 students--40,000 officially sponsored and 10,000 self supported--to over 70 countries, mostly in scientific and technical fields. Chinese officials estimate that approximately two-thirds of students sent overseas are in the United States. [REDACTED]

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In recent years the number of students going abroad has remained fairly stable with over 8,000 coming to the United States annually, according to official Chinese statements [REDACTED]

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- State sponsored students going abroad number about 3,000 annually, 600 of whom go to the United States.
- Approximately 5,000 students are sent abroad by their units each year, with 4,500 of these going to the United States.
- The total number of self funded students going overseas annually is unknown, but the SEDC estimates that 3,000 of these students arrive in the United States each year. [REDACTED]

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US statistics differ significantly from the Chinese numbers, showing that approximately 69,000 visas have been issued to Chinese students since 1979--45,000 "J" category or officially sponsored, and 24,000 "F" category or privately funded. US officials estimate only 7,000 of all Chinese students have become legal permanent residents since 1982. [REDACTED]

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Finances are also playing an increasingly important role in the decisions of some lower-level authorities to reduce the number of students sent to the United States. Unit sponsored students who refuse or delay returning represent not only a monetary loss to their work unit for their transportation, education, and living expenses, but also for the cost of training and providing for a replacement while they are abroad. In addition, the amount of central government funding available to local officials is probably declining. State Education Commission (SEDC) Vice Minister He Dongchang in late June reported that China's education budget is in "deep crisis" and unable to fund even some basic services, raising doubts about the government's ability to support a large of contingent students overseas. Both Beijing and Fudan Universities report that the SEDC cut their quotas of officially funded students this year, probably because of tight finances. The Director of American Studies at Fudan University says he is advising all students to make private arrangements for foreign study. [redacted]

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Chinese officials say they are sending more students to Western Europe and the Soviet Bloc to facilitate China's expanding economic ties there. [redacted]

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[redacted] Beijing will begin sending more government sponsored students to West Germany and the Soviet Union after gaining assurances that they will be sent back to China. The Soviets, who hosted approximately 200 Chinese students last year, will reportedly accept 800 to 1,000 more in 1988 and increasing numbers over the next several years. West German officials announced last year that the number of government scholarships allotted to Chinese students would increase from 2,000 to 3,000 over several years. China is also negotiating to raise the number of government-sponsored students sent to Australia, which signed a memorandum with China in 1986 pledging to send students home. In February 1988, France publicly agreed to actively discourage government sponsored students from staying beyond graduation. [redacted]

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Heightened Student Concerns

Chinese students in the United States have reacted angrily to the tightening of regulations and to rumors that Beijing is drastically reducing the number of students who will be permitted to study here. They argue that the language barrier makes it unreasonable to expect doctoral candidates to complete their studies in the allotted time. Students also resent government plans to institute "sandwich" degree programs that allow students to take some classes overseas, but require their return to complete their course work and dissertations, complaining that such degrees make them less marketable abroad--as is probably Beijing's intent. Last March, US education officials found high interest among Chinese officials in such joint PhD programs--which are designed to supply China with well-trained S&T personnel, but which also help solve the returning student problem. [redacted]

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The harsh new penalties for those delaying their return are also increasing student fears about the treatment they will receive if they go back to their work units; such students have long been concerned by poor living and working conditions in China, harrassment by jealous superiors and peers, and inappropriate job assignments. The Chinese press last December publicized the plight of 36 MBAs who a year after returning

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[redacted]

to China were in positions where they were unable to utilize their knowledge and yet were prevented from moving to other work units. In a typical case, a student was ignored by the management of his original work unit for two months before being reassigned to his former position as a machinery designer, [redacted]

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[redacted] In an attempt to lure students back, Beijing has devoted \$8.1 million toward 122 postdoctoral research centers and \$2.7 million for housing for resident scholars since 1985. These centers are intended to be drawing points for overseas students and currently house approximately one-third of the 200 to 300 PhDs who have returned. However, returned students complain that the living conditions, equipment, and research conducted at these facilities remain far below Western standards. [redacted]

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Students who do not have a work unit they must return to also distrust official placement procedures. Despite recent efforts to improve the process and new policies allowing students to find employment on their own, [redacted] returned students often spend more than six months being shuffled between enterprises or institutes before finding a job. Some overseas students were disturbed when officials criticized the policy of allowing intellectuals to pursue second jobs, which they view as necessary to augment meager incomes if they return to China.¹ Returned students accustomed to the free thinking and objectivity characteristic of Western research systems are also frustrated when they encounter China's more hierarchical and controlled intellectual environment. [redacted]

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The Impact of Returned Students

The impact of returned students on China's modernization effort has been limited primarily to research in fields such as biotechnology and meteorology. The returned students are concentrated in education and the top-echelon of R&D institutes, where some conduct internationally recognized work. The inferior results of lesser institutes, however, suggest a failure of returned students to disseminate their knowledge and skills. We believe the impact of returned students will rise significantly in the future as more students return to China with degrees in practical science and reductions in government funding force research institutes to ally with industry. Unfortunately, the limited number of tangible benefits after 10 years not only fuels criticism of the overseas program but leaves it more vulnerable to negative publicity generated by the brain drain issue. [redacted]

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¹ Intellectuals are on the lower end of the pay scale and fear the effects of China's rising inflation rate. [redacted]

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A Growing Problem for Beijing

The number of students extending their studies abroad or refusing to return home is likely to grow in the near future. Sizable numbers of students who began their graduate programs in the early 1980s are nearing graduation and will soon be deciding whether to return home. The total number of US visas for privately and officially sponsored students jumped from an average of 5,400 per year between 1981 and 1984 to over 14,000 annually between 1985 and 1987. According to one US estimate, by the early 1990s up to 3,500 Chinese students could be attempting each year to remain legally in this country. Nearly all self supported students are still abroad and although we believe the SEDC claim that 40 percent of those in the United States have obtained permanent resident status is exaggerated, privately funded students are least likely to go back to China. [REDACTED]

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The leadership may suffer some embarrassment from the negative international publicity generated by students refusing to return. For example, the Taiwan press has publicized the threats of some mainland students to defect by obtaining passports from Taiwan. Other countries, for their own reasons, may also publicize the plight of Chinese students and attempt to come to their aid. For example, [REDACTED] Argentina is offering visas to qualified applicants for \$12,000. The Argentines probably hope to gain foreign exchange and repair some of the damage from Argentina's own brain drain suffered during the 1970s and early 1980s. The refusal to return of a highly visible student--such as the child of a high-level Chinese official--would also be embarrassing for Beijing. [REDACTED]

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Negative publicity would probably be more acceptable to Beijing, however, than embarrassing political activity of overseas students--particularly in the United States--or returnees. US Embassy Beijing reports that Chinese officials are sensitive about students in this country "interfering" in China's internal affairs. For example, last February students wrote directly to then Acting Premier Li Peng asking that the limits on time spent abroad be lifted, and two months later more than 2,300 Chinese scholars in the United States signed a petition protesting the "new" restrictions on foreign study. Both of these actions received considerable media attention in the West. Subsequently, He Dongchang publicly criticized Chinese students in the United States for neglecting their studies, and a returned scholar and dissident was fired from his position at the Chinese Academy of Social Sciences. These actions--and the imprisonment in December 1987 of returned student Yang Wei who was active in the winter 1986-87 prodemocracy demonstrations--were probably intended to warn overseas students and returnees not to engage in political activities. [REDACTED]

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Although the number of students staying abroad will increase, we believe Beijing's problem is somewhat mitigated by the fact that the proportion of students returning is likely to remain fairly steady. We believe 50 to 60 percent of China's students will eventually return home. [REDACTED]

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State-sponsored students and visiting scholars--the groups Beijing appears most

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[redacted]

concerned about--have return rates of 50 percent and 90 percent respectively. Older and under closer official supervision, such students are far more likely to return to China than private students--official return rates for unit sponsored students have not been issued. [redacted]

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Potential Problems For The United States

There is dissatisfaction among some Chinese officials toward the lack of US attention to the brain drain issue. According to US Embassy reporting, the SEDC has drawn up a list of all government sponsored students who have not returned to China on schedule and plans to demand the US Government press these students to go home. Some lower-level Chinese officials charge the United States deliberately encourages China's brightest students to stay in order to take advantage of their talent. They have rejected the US position that visa restrictions are the only means of limiting scholars' stays and have criticized the US Government for not intervening with US businesses to prevent the hiring of Chinese students. Moreover, Beijing is apparently quite concerned that its overseas students are being recruited for espionage by Taiwan and the United States. [redacted]

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Bilateral frictions could also arise from the policy of requiring students to pay a deposit before going overseas. This may violate Section 402 (the Jackson-Vanik Amendment) of the Trade Act of 1974, which prohibits granting most-favored-nation (MFN) status, US credits and investment guarantees, or Presidentially sponsored commercial agreements to any nonmarket country that denies its citizens the right to emigrate or that imposes taxes or fees on citizens wishing to emigrate. A Chinese ban on families accompanying students overseas could also violate provisions of Section 402. Beijing would probably argue that the measures it has enacted to date do not flatly deny citizens the opportunity to emigrate; they simply set conditions under which students and their families may go abroad. [redacted]

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We believe the recent tightening of regulations will alter somewhat the type of government-sponsored students going abroad and the countries chosen to host them, but that there will be no reduction in the number going abroad. Although the number of Chinese students coming to the United States has remained fairly constant, it could show a modest decline if Chinese authorities continue more strictly enforcing the rules governing overseas study and actively seeking alternative hosts. [redacted]

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Nonetheless, Beijing is unlikely to forgo the more than \$100 million in scholarships and financial aid its students receive annually from US universities and grant programs--funding that is unavailable elsewhere. Additionally, while Beijing recognizes the need to have students with an understanding of its trading partners in Western Europe and the East Bloc, China's European language programs are poor and--especially Bloc languages--unpopular. Unlike in the United States, Chinese students are seldom accepted into the best European schools and often face more

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discrimination. The United States remains the destination of choice for the majority of scholars hoping to go overseas. According to US Embassy reporting, students sometimes arrange to study in Western Europe and then once abroad transfer to a US school. However, as more European and Soviet Bloc nations agree to send Chinese students home, Beijing is likely to increasingly press the United States for similar assurances.

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CHINA'S OVERSEAS STUDENT POLICY: FIGHTING THE BRAIN DRAIN

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